

Message Text

UNCLASSIFIED

PAGE 01 KINGST 01926 251401Z
ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00
SP-02 AID-05 EB-08 NSC-05 TRSE-00 SS-15 STR-04
OMB-01 CEA-01 CIAE-00 COME-00 FRB-01 INR-07
NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 L-03 H-02
PA-02 PRS-01 AGRE-00 IGA-02 FEAE-00 /085 W
-----251410Z 108436 /43

O R 251240Z APR 77

FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC IMMEDIATE 4915
INFO AMEMBASSY BRIDGETOWN
AMEMBASSY GEORGETOWN
AMEMBASSY NASSAU
AMEMBASSY PORT
AMEMBASSY SANTO DOMINGO

UNCLAS KINGSTON 1926

E.O. 11652: N/A

TAGS: EGEN, EFIN, JM

SUBJECT: JAMAICA DEVALUES DOLLAR (SORT OF)

1. IN COURSE OF PRESENTING JAMAICA'S NATIONAL PRODUCTION PLAN
APRIL 22 (REPORTED SEPTTEL), PRIME MINISTER MANLEY ANNOUNCED A
PARTIAL 37.5 PERCENT "DEPRECIATION" OF THE JAMAICAN DOLLAR.
(THE TERM DEVALUATION WAS NEVER USED.) AS OF APRIL 22 A TWO-
TIERED EXCHANGE RATE HAS GONE INTO EFFECT. ONE TIER, CALLED
THE BASIC RATE, WILL REMAIN AT THE PREVIOUS EXCHANGE RATE
(1 US DOLLAR EQUALS .909 JAMAICAL). A SECOND RATE, CALLED
THE SPECIAL RATE, WAS ESTABLISHED AT 1 US DOLLAR EQUALS 1.25
JAMAICAN.

2. MANLEY SAID THE BASIC RATE IS TO REMAIN IN EFFECT FOR:

A. IMPORT TRANSACTIONS WHICH INVOLVE GOODS CONSUMED

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 KINGST 01926 251401Z

BY THE MASSES, INCLUDING ESSENTIAL FOOD,
PHARMACEUTICALS AND PETROLEUM PRODUCTS;

B. GOVERNMENT TRANSACTIONS;

C. THE TRANSACTIONS OF THE BAUXITE AND ALUMINA
SECTOR.

THE SPECIAL RATE IS TO TAKE EFFECT FOR ALL OTHER FOREIGN EXCHANGE
TRANSACTIONS.

3. THE PRIME MINISTER ALSO ANNOUNCED THE TABLING OF A MINISTERIAL PAPER SETTING OUT THE NEW FOREIGN EXCHANGE RATES IN GREATER DETAIL. THE TEXT OF THE OPERATIVE SECTIONS OF THE MINISTERIAL PAPER FOLLOWS.

4. BEGIN TEXT OF MINISTERIAL PAPER: THE BASIC RATE WILL APPLY TO THE FOLLOWING TRANSACTIONS:

- A. ALL PURCHASES AND SALES OF FOREIGN EXCHANGE BY THE GOVERNMENT;
- B. ALL BASIC FOODS (OUT OF A TOTAL ALLOCATION FOR FOOD OF \$70 MILLION THE BASIC RATE WILL APPLY TO \$60 MILLION OF THESE IMPORTS);
- C. ESSENTIAL MEDICAL AND PHARMACEUTICAL PRODUCTS;
- D. IMPORTS OF BASIC RAW MATERIALS BY JAMAICA NUTRITION HOLDINGS, E.G. WHEAT, SOYA BEANS, ETC.,
- E. ANIMAL FEEDS;
- F. FERTILIZERS;
- G. ALL PETROLEUM IMPORTS;
- H. ALL PURCHASES AND SALES OF FOREIGN EXCHANGE BY THE BAUXITE AND ALUMINA SECTOR; INCLUDING THEIR LOCAL PURCHASES OF IMPORTED GOODS;
- I. FOREIGN EXCHANGE TO SETTLE OUTSTANDING TRADE CREDITS IN RESPECT OF GOODS WHICH HAVE ALREADY BEEN CLEARED FROM THE WHARVES AND SOLD AT PRICES BASED ON THE EXISTING RATE OF EXCHANGE;
- J. CERTAIN SWAP ARRANGEMENTS WITH THE COMMERCIAL BANKS INVOLVING THE SALE OF FOREIGN EXCHANGE TO UNCLASSIFIED

UNCLASSIFIED

PAGE 03 KINGST 01926 251401Z

THE BANK OF JAMAICA ON A BUY-BACK BASIS AT A GUARANTEED RATE OF EXCHANGE.

FURTHER DETAILS OF SOME OF THE ABOVE ARE GIVEN IN THE APPENDIX.

ALL OTHER TRANSACTIONS INVOLVING THE PURCHASE AND SALE OF FOREIGN EXCHANGE WILL BE AT THE SPECIAL RATE SO THAT, FOR EXAMPLE, ALL EXPORT RECEIPTS INCLUDING TOURISM RECEIPTS WILL BE CONVERTED AT THE SPECIAL RATE.

IN THE ADMINISTRATIVE ARRANGEMENTS WHICH HAVE BEEN DEVISED, ANY PERSON HAVING A FOREIGN EXCHANGE PAYMENT TO MAKE WILL APPLY TO THE BANK OF JAMAICA IN THE USUAL WAY AND THE BANK WILL INDICATE ON THE FORM F.E. THE APPROVED RATE OF EXCHANGE TO BE APPLIED BY THE COMMERCIAL BANK TO THE TRANSACTION. IMPORTATION OF GOODS WILL BE DEALT WITH AS FOLLOWS:

- A. IN THE CASE OF APPLICATION FOR LICENSES TO THE TRADE ADMINISTRATOR, THE LICENSE WHEN GRANTED WILL INDICATE WHETHER THE BASIC RATE OF EXCHANGE APPLIES.

B. WHERE LICENSES HAVE ALREADY BEEN ISSUED AND ORDERS PLACED, THE IMPORTER OR HIS COMMERCIAL BANK WILL SUBMIT THE RELEVANT DOCUMENTS TO THE BANK OF JAMAICA PRIOR TO THE GOODS BEING CLEARED THROUGH CUSTOMS AND THE RELEVANT RATE WILL BE INSERTED THEREON. APPLICATIONS NEED NOT BE MADE FOR A RATE TO BE STATED WHEN THE GOODS OR TRANSACTIONS CLEARLY ATTRACT THE SPECIAL RATE AS IN ALL CASES WHERE NO RATE IS INDICATED THE SPECIAL RATE APPLIES.

THE RELEVANT RATE WILL APPLY TO THE CALCULATION OJIF DUTY FOR PURPOSES OF THE CUSTOMS AND ANY AD VALOREM DUTY AND WILL BE USED WHEN THE IMPORTER IS MAKING A PAYMENT. BY THIS ARRANGEMENT THE IMPORTER WILL BE ABLE TO PRICE THE GOODS ON THE BASIS OF A KNOWN RATE OF EXCHANGE AND THE PRICES COMMISSION IN MAKING ITS OWN COMPUTATION FOR PURPOSES OF PRICE CONTROL ORDERS WILL BE USING THE APPROVED RATE OF EXCHANGE.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 KINGST 01926 251401Z

THE SUBSIDIES FROM THE BUDGET FOR SUGAR, BANANAS, AND TOURISM WILL BE REDUCED BY 55 PERCENT.

IN THE LIGHT OF THE FACT THAT BASIC FOODS AND OTHER ESSENTIAL ITEMS WILL BE PAID FOR AT THE BASIC RATE, IT IS ESTIMATED THAT APPROXIMATELY 70 PERCENT OF THE ITEMS ENTERING THE COST OF LIVING INDEX WOULD BE UNAFFECTED AND AS REGARDS THE OTHER 30 PERCENT, IT SHOULD BE BORNE IN MIND THAT ONLY THE IMPORT CONTENT WOULD BE AFFECTED.

IN ORDER TO PUT THESE ARRANGEMENTS INTO EFFECT, THE FOREIGN EXCHANGE MARKET WILL BE CLOSED FROM SATURDAY 23RD APRIL 1977 AND WILL RE-OPEN ON THE MORNING ON WEDNESDAY, 27TH APRIL 1977. AN EXCEPTION WILL BE MADE FOR FUNDS REQUIRED FOR ESSENTIAL TRAVEL.

IT IS THE GOVERNMENT'S HOPE THAT AS A RESULT OF THESE ARRANGEMENTS THE PRODUCTIVE SECTOR WILL MAKE EVERY EFFORT TO INCREASE PRODUCTION AND PARTICULARLY ITS EXPORT PERFORMANCE.

SIGNED: DAVID H. COORE

MINISTER OF FINANCE AND PLANNING

22ND APRIL 1977

APPENDIX

IMPORTS, THE PRICES OF WHICH WILL NOT BE AFFECTED BY THE MULTIPLE EXCHANGE RATE:

RICE, COUNTER FLOUR, BAKING FLOUR, CORNMEAL, CHICKEN NECKS AND BACKS, FROZEN CHILLED MEATS, CORNED BEEF, SALT FISH, MILK AND DAIRY PRODUCTS, MILK POWDER, SOYA BEAN AND PRODUCTS, PICKLED BEEF, CANNED SARDINES, CANNED HERRINGS, CANNED MACKEREL, PICKLED FISH, PORK

TAILS, INFANT FEEDS, MARGARINE, COOKING OIL, ESSENTIAL MEDICAL
AND PHARMACEUTICAL PRODUCTS, ANIMAL FEEDS, FERTILIZERS,
GASOLINE, DIESEL OIL, FUEL OIL, KEROSENE OIL, AND COOKING GAS.
END TEXT OF MINISTERIAL PAPER.

DORRANCE
UNCLASSIFIED

UNCLASSIFIED

PAGE 05 KINGST 01926 251401Z

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEVALUATIONS, FOREIGN EXCHANGE RATES
Control Number: n/a
Copy: SINGLE
Sent Date: 25-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KINGST01926
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770143-0710
Format: TEL
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770424/aaaaatwk.tel
Line Count: 181
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d53b969f-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 19-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2707610
Secure: OPEN
Status: NATIVE
Subject: JAMAICA DEVALUES DOLLAR (SORT OF)
TAGS: EGEN, EFIN, JM, US
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/d53b969f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009